

Policy and **O**versight Report



GENERAL CRIMES DIRECTORATE

DoD Coordination of Remedies Program

Report Number PO 97-014

March 31, 1997

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Acronyms

AUSA	Assistant U.S. Attorney
DCIO	Defense Criminal Investigative Organization
DCIS	Defense Criminal Investigative Service
DLA	Defense Logistics Agency
HQ, USAMC	Headquarters, U.S. Army Materiel Command
IG	Inspector General
MPFU	Major Procurement Fraud Unit
NCIS	Naval Criminal Investigative Service
OGC	Office of the General Counsel
OSD	Office of the Secretary of Defense
PFA	Procurement Fraud Advisor
PFD	Procurement Fraud Division
PIO	Procurement Integrity Office
SECNAVINST	Secretary of the Navy Instruction
USACIDC	U.S. Army Criminal Investigation Command



INSPECTOR GENERAL
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March 31, 1997

**MEMORANDUM FOR ASSISTANT SECRETARY OF THE NAVY (FINANCIAL
MANAGEMENT AND COMPTROLLER)
ASSISTANT SECRETARY OF THE AIR FORCE
(FINANCIAL MANAGEMENT AND COMPTROLLER)
DIRECTOR, DEFENSE LOGISTICS AGENCY
DIRECTOR, DEFENSE CRIMINAL INVESTIGATIVE
SERVICE
AUDITOR GENERAL, DEPARTMENT OF THE ARMY**

**SUBJECT: Report on the DoD Coordination of Remedies Program
(Report No. 97-014)**

We are providing this evaluation report for review and comment. We considered management comments on a draft of this report in preparing the final report.

Comments on the draft report generally conformed to the requirements of DoD Directive 7650.3, which requires all evaluation recommendations be resolved promptly. Neither the Navy nor the Marine Corps provided comments on the Marine Corps portion of the review. Additionally, we request the Navy provide an effective date for planned actions on meeting program review requirements in Recommendations B.1. and B.2. Responses and final comments on unresolved issues should be provided by May 30, 1997.

We appreciate the courtesies extended to our review team. Questions on the evaluation should be directed to Ms. Karen Cropper, Project Manager, at (703) 604-8706 (DSN 664-8706). See Appendix E for the report distribution.



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Office of the Inspector General, DoD

Report No. 97-014
(Project No. 60G-9047)

March 31, 1997

DoD Coordination of Remedies Program

Executive Summary

Introduction. When a Defense Criminal Investigative Organization¹ (DCIO) determines that a procurement fraud crime has occurred, the DoD can pursue criminal, civil, and administrative actions to seek remedies appropriate to the wrongdoing. On June 7, 1989, the DoD issued Directive 7050.5, "Coordination of Remedies for Fraud and Corruption Related to Procurement Activities," to require coordinated actions in procurement fraud matters. The Directive requires DoD Components to monitor and coordinate "significant" procurement fraud or corruption cases,² to pursue appropriate contractual and administrative actions to recover funds lost through fraudulent or corrupt activities, and to coordinate with all other affected DoD Components. The Directive also mandates that DoD Components "establish a centralized organization to monitor and ensure the coordination of criminal, civil, administrative, and contractual remedies for each significant investigation of fraud or corruption related to procurement activities affecting the DoD Component." In FY 1995, DCIO procurement fraud investigations resulted in 515 indictments or convictions; 314 suspensions or debarments from Government contracting; and \$404 million in criminal, civil, and administrative fines, penalties, and settlements (\$86.2 million criminal, \$221.2 million civil, and \$96.6 million administrative).

Evaluation Objectives. We reviewed the implementation of DoD Directive 7050.5 by the Army, Navy, Air Force, Defense Criminal Investigative Service, and the Defense Logistics Agency to determine the effectiveness and efficiency of the efforts to coordinate and monitor the remedies process throughout the DoD, whether remedies were sought in a timely manner for significant cases (as defined by DoD Directive 7050.5), whether problems arose between the DoD Components that worked joint investigative cases, and whether case files and databases were accurate. We also solicited recommendations for program changes that might make the coordination of remedies process more effective and efficient.

Evaluation Results. The Army, Air Force, and Defense Logistics Agency have sound coordination of remedies programs (Appendix C). All cases sampled at these activities (154) were referred for administrative action, when appropriate. Cases were referred to the suspension and debarment officials for action, and the suspension and debarment

¹The DCIOs are the U.S. Army Criminal Investigation Command, the Naval Criminal Investigative Service, the Air Force Office of Special Investigations, and the Defense Criminal Investigative Service. The Defense Criminal Investigative Service is the criminal investigative arm of the Inspector General, DoD.

²The Directive defines "significant" cases as those involving an alleged loss of \$100,000 or more; corruption cases related to procurement that involved bribery, gratuities, or conflicts of interest; and any investigation into defective products or product substitution in which a serious hazard to health, safety, or operational readiness is indicated, regardless of loss value.

officials notified the coordination of remedies program managers once action was taken. In all cases sampled, program managers had processes for tracking on-going cases and, in all cases, remedies plans were prepared, when appropriate. Program officials were organized and thorough and had good communication and support for the program within their commands. Program officials and suspension and debarment officials were dedicated to ensuring program success.

While overall the DoD Components had good communication within their own organizations, information flow with and between investigative organizations needed improvement. This lack of communication hindered the suspension and debarment officials' ability to take prompt action in certain cases and to notify their contracting officers and business community of proposed actions against contractors who may have other contracts pending with the Government. Communication at the suspension and debarment level was good but not always at the investigative level. DoD Directive 7050.5 directs:

Secretaries of the Military Departments and the Inspector General, DoD shall: Discuss regularly with the centralized organization such issues as the current status of significant investigations and their coordination with prosecutive officials. If the DoD criminal investigative organization has prepared any documents summarizing the current status of the investigation, such documents shall be provided to the centralized organization. Completed reports of significant investigations also should be provided to the centralized organization.

In some cases, suspension and debarment officials had difficulty obtaining case information from Defense Criminal Investigative Organizations. This difficulty hampered efforts by suspension and debarment officials to effectively and expeditiously pursue remedies. (Finding A)

The Navy's Coordination of Remedies Program was overly complex and its implementation involved too many contingencies. The process had many participants and little information flowed between the main program elements: the Naval Criminal Investigative Service; the Naval Inspector General; and the Naval Procurement Integrity Office, Office of the General Counsel. Responsibility for monitoring the program was assigned to the Naval Inspector General. Due to budget and personnel reductions, only one person was assigned to the program. This process impacted the program in three ways:

- o With more than 800 procurement fraud cases, the centralized organization was unable to do much more than perform in a limited oversight capacity.
- o Other DoD Components would bypass the Naval Inspector General's office and work directly with the Procurement Integrity Office.
- o Information was not exchanged effectively between the Navy and the other DoD Components. (Finding B)

The Defense Criminal Investigative Service works closely with the Assistant U.S. Attorneys and the Department of Justice, but relies on the Defense Logistics Agency to initiate and pursue administrative remedies on cases involving contracts administered by the Defense Logistics Agency. Remedies coordination for the Defense Criminal Investigative Service is accomplished by other DoD Components. The Defense Criminal Investigative Service Coordination of Remedies Program tracks cases and exchanges information with other centralized organizations to enhance communication and joint case efforts. (Appendix C)

Summary of Recommendations. Until the Defense Criminal Investigative Organization Information System or a similar system is implemented by the DoD investigative community and is capable of satisfying the need for information exchange, we recommend that Commanders and Directors of the Defense Criminal Investigative Organizations re-emphasize the importance of the Coordination of Remedies Program and the critical role the criminal investigator plays in that process. Of particular importance is the timeliness of sharing factual information derived during the investigation so that the appropriate remedies officials can use it in an effective manner.

We also recommend that the Navy transfer overall responsibility for its Coordination of Remedies Program to the Office of General Counsel, Procurement Integrity Office.

Management Comments. The Army, Navy, Air Force, Defense Criminal Investigative Service, and Defense Logistics Agency concurred with Finding A. The Marine Corps, or the Navy on behalf of the Marine Corps, was non-responsive.

The Navy concurred with Finding B and stated it will take the recommendations "under advisement at the highest levels of the Navy." See Parts I and II for a summary of management comments and Part III for the complete text of management comments.

In response to the Defense Criminal Investigative Service (DCIS) portion of the report, the DCIS provided additional clarification.

Evaluation Response. DoD Component comments were responsive, with the exception of the Marine Corps. No comments were received from the Marine Corps or the Navy on behalf of the Marine Corps. As a result of the clarification from DCIS, we changed the discussion of the Defense Criminal Investigative Service.

We request the Director, Procurement Integrity Office, Office of the General Counsel, Department of the Navy, provide additional comments with an effective date for planned actions to meet the requirements of Recommendation B.1. by May 30, 1997. We also request the Marine Corps, or the Navy on behalf of the Marine Corps, provide comments to the final report by May 30, 1997.

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Part I - Evaluation Results

Evaluation Background

The Army, Navy, Air Force, and Defense Logistics Agency (DLA) are responsible for administering DoD contracts and maintaining Coordination of Remedies Programs to coordinate appropriate remedies when procurement fraud is discovered. Before DoD Directive 7050.5, "Coordination of Remedies for Fraud and Corruption Related to Procurement Activities," June 1989, the process for handling procurement fraud was to pursue criminal prosecution first and then pursue civil and administrative remedies after the criminal case was resolved. The pursuit of civil and administrative remedies was often frustrated because of the delay. The Directive establishes policies, procedures, and responsibilities and mandates expeditious pursuit of criminal, civil, and administrative remedies. This Directive applies to the Office of the Secretary of Defense (OSD), the Office of the Inspector General (IG), Department of Defense, the Military Departments, the Defense agencies, and the DoD Field Activities (hereafter referred to collectively as "DoD Components").

DoD Directive 7050.5 states:

Each of the DoD Components shall monitor, from its inception, all significant investigations of fraud or corruption related to procurement activities affecting its organizations, for the purpose of ensuring that all possible criminal, civil, administrative, and contractual remedies in such cases are identified to cognizant procurement and command officials and that appropriate remedies are pursued expeditiously. This process shall include appropriate coordination with all other affected DoD Components.

With the implementation of the Directive, the DoD stated its intent to adopt procedures that mandated coordination of the criminal, civil, and administrative remedies related to procurement fraud. The Directive requires the DoD Components to monitor and ensure the coordination of significant procurement fraud or corruption cases, to pursue appropriate contractual and administrative actions to recover funds lost through fraudulent or corrupt activities, and to coordinate with all other affected DoD Components. By processing a case in this manner, the DoD uses maximum leverage to attain the most favorable investigative results, avoid re-litigation of identical issues, and obtain reforms in contractor business practices.

Evaluation Objectives

The primary evaluation objective was to assess the effectiveness and efficiency of the management of the Coordination of Remedies Program efforts taking place throughout the DoD, as mandated by DoD Directive 7050.5. The review encompassed and built upon issues identified in a previous program review.

Additionally, since DoD Component programs have had significant experience, we solicited program officials for recommendations to improve the program. See Appendix A for our scope and methodology.

Other Matters of Interest

We were provided several suggestions for revising DoD Directive 7050.5, which we will incorporate in future revisions.

Finding A. Coordination of Remedies Communications

Our review revealed some failures of communication between investigative organizations and the centralized procurement fraud organizations. The Defense Criminal Investigative Organizations (DCIOs) were often slow to share case data. This delay was detrimental to suspension and debarment officials and centralized organizations who were attempting to pursue remedies. In some cases, this situation prevented them from alerting their contracting personnel of proposed actions against contractors.

Discussion

DoD Directive 7050.5 mandates the DoD Components "establish procedures requiring the centralized organization to discuss regularly with the assigned DoD criminal investigative organization(s) such issues as the current status of significant investigations and their coordination with prosecutive authorities."

For the most part, our review found thorough remedies program efforts within each Component, and program officials worked hard to ensure that remedies were sought aggressively and in a timely manner. At every level, people were concerned with the success of the program, believed in their efforts, and communicated well within their own Component to ensure remedies were actively sought.

In some cases, the centralized organizations and suspension and debarment officials had difficulty obtaining case information from Defense Criminal Investigative Organizations. Of particular importance is the timeliness of sharing factual information, including electronic investigative reports, derived during the investigation so that it can be used by the appropriate remedies officials in an effective manner. The failure to effectively and efficiently share information was detrimental to suspension and debarment officials who were trying to pursue remedies.

Recommendation, Management Comments, and Evaluation Response

A. We recommend that Commanders and Directors of the Defense Criminal Investigative Organizations re-emphasize the importance of the Coordination of Remedies Program and the critical role the criminal investigator plays and the need for effective and efficient sharing of information in that process.

Finding A. Coordination of Remedies Communications

Management Comments. The DoD Components concurred with the recommendation. The Defense Logistics Agency noted the recommendation "does not address the exchange of electronic information on investigations" and recommended the Defense Criminal Investigative Organizations develop a system to ensure electronic reports are also disseminated among the necessary DoD Components.

Evaluation Response. Management comments were responsive. We agree electronic reports of investigations should be disseminated to each Central Organization responsible for coordination of remedies. We added the exchange of electronic investigative reports to our findings. DoD Directive 7050.5 will be updated to include the appropriate language.

Finding B. The Navy Coordination of Remedies Program

The Navy's Coordination of Remedies Program was overly complex and its implementation involved too many contingencies. While the Office of the Naval Inspector General (IG) was designated to manage the program, cost reductions resulted in only one person being assigned to that function, reducing it to an oversight function rather than a productive program.

Discussion

The Secretary of the Navy Instruction (SECNAVINST) 5430.92A, "Assignment of Responsibilities to Counteract Fraud, Waste, and Related Improprieties Within the Department of the Navy," August 20, 1987, designated the Naval IG as the organization to monitor and ensure the coordination of criminal, civil, administrative, and contractual remedies for all significant cases, including investigations of fraud or corruption related to procurement activities affecting the Navy. The General Counsel is the suspension and debarment official and is responsible for seeking remedies. Within the Office of the General Counsel (OGC), the Procurement Integrity Office (PIO) manages procurement fraud matters.

The Navy's system for tracking and seeking remedies, outlined in SECNAVINST 5430.92A and as observed during this review, was as follows:

- o The responsible Naval Criminal Investigative Service (NCIS) special agent notified the local Assistant U.S. Attorney (AUSA) and the Naval IG Office of a procurement fraud case.
- o The Naval IG tasked the appropriate Naval Command to prepare a remedies plan. Remedies were then pursued and implemented by the local AUSA, the PIO, and the contracting officer.
- o A NCIS headquarters special agent acted as liaison between the NCIS and the Naval IG to ensure the Naval IG was kept aware of new procurement fraud cases and the status of ongoing cases.
- o Another NCIS liaison at NCIS Headquarters notified the PIO of new procurement fraud cases.

According to OGC and NCIS representatives, success of this system generally depended on the agent assigned as the liaison. Effective liaison was essential to getting things done and maintaining the dialogue between the OGC and NCIS. The representatives said, however, that a secondary reporting system double checked and prevented cases from "slipping through the crack" should liaison efforts be unsuccessful.

Finding B. The Navy Coordination of Remedies Program

The PIO received information from and worked directly with DoD Components to resolve case problems and seek remedies. The process of going through the Naval IG for coordinating and seeking remedies did not apply to the separate Naval Commands or the Marine Corps. Those organizations had their own systems for seeking remedies and dealt directly with the Navy OGC. While the Naval IG monitored remedies for all significant cases to the extent possible, a workload of more than 800 procurement fraud cases and a lack of personnel to handle the Coordination of Remedies Program did not allow full program participation.

The Procurement Integrity Office pursues the remedies for the Navy with the assistance of the Naval Inspector General's office. Once a year, the IG Office sends the PIO a computer listing containing the names of investigative subjects, their military or civilian ranks, the Naval IG file number, names of action officers, and the case status and category. Additionally, the Naval IG supplies the PIO with a list of the remedies plan tasking notices sent to the Systems Commands. The PIO provides the Naval Inspector General with a monthly listing of all suspension and debarment actions. The PIO and the Inspector General compare the contents of their respective databases to ensure consistency in their data.

The Navy generally did not attempt to prepare a remedies plan until the fraud investigation was nearly completed. For example, of the 66 cases reviewed, 31 fit the criteria for a significant case; however, 23 of the significant case files did not contain copies of remedies plans.

The Naval IG said that the preparation of remedies plans was delayed to preclude interference with the investigation. The Navy General Counsel's Office said, however, that administrative remedies, such as suspensions, generally should not affect an investigation. In a few cases, an AUSA had requested a delay in preparing a remedies plan pending negotiations with an investigative subject. However, because the subject was usually aware of the ongoing investigation, implementing a remedies plan would have had little or no effect on the investigation. Too much time and information is lost by this delay. Even in rare cases when it is necessary to delay actions under a remedies plan, having an updated remedies plan on hand will help ensure that opportunities to achieve remedies are not missed.

Our review found shortcomings in the filing system. Many of the case files we reviewed were not up-to-date. Of 66 cases, the most recent entry in 19 of them was more than a year old. We found this situation in both significant and non-significant case files.

Recommendations, Management Comments, and Evaluation Responses

B.1. We recommend that the Secretary of the Navy transfer overall responsibility for its Coordination of Remedies Program to the Office of General Counsel, Procurement Integrity Office.

Finding B. The Navy Coordination of Remedies Program

Management Comments. The Department of the Navy concurs with the finding and will take the recommendation "under advisement at the highest levels of the Navy." The Navy also submitted additional data regarding the exchange of information between the PIO and the Naval IG.

Evaluation Response. Management comments were responsive. We request the Department of the Navy, Office of the General Counsel, provide additional comments with an effective date for planned actions to meet program review requirements by May 30, 1997. Based on management comments, we changed our discussion of the types of information shared between the PIO and the IG.

B.2. We recommend that the Director, Procurement Integrity Office:

- a. Task subordinate Naval commands with preparing remedies plans as soon as cases are reported.**
- b. Ensure that procurement fraud case files and databases are maintained and updated regularly.**

Management Comments. The Department of the Navy did not comment on this recommendation.

Evaluation Response. We request the Department of the Navy, Office of the General Counsel, provide comments to meet these needs by May 30, 1997.

Part II - Additional Information

Appendix A. Scope and Methodology

We reviewed program operations at each Military Department, the DLA, and the DCIS. Our review also included contacts with the Deputy Naval Inspector General for Marine Corps Matters/Inspector General of the Marine Corps. This evaluation was conducted from October 1994 through December 1995 as a follow-up to an evaluation conducted in 1989 entitled, "Review of the Implementation of the Department of Defense Directive 7050.5 'Coordination of Remedies for Fraud and Corruption Related Offenses'" (Appendix B).

We interviewed representatives from the Military Departments' Judge Advocates General, the Army Procurement Fraud Division, the Naval Inspector General, the Naval Procurement Integrity Office, the Deputy General Counsel for the Air Force, and the DLA Office of General Counsel. Of approximately 2,100 procurement fraud cases opened, we reviewed a judgmental sample (154) of procurement fraud case files at the Military Departments and the DLA: 30 for the Army, 66 for the Navy, 30 for the Air Force, and 28 for the DLA. The files reviewed included both open and closed case files. The organizations who participated in this evaluation are listed in Appendix D.

We did not evaluate actions by suspension and debarment officials in response to referrals for administrative action by contracting officers or program personnel.

Appendix B. Prior Reviews

The former Office of the Assistant Inspector General for Criminal Investigative Policy and Oversight conducted a similar evaluation in 1989, "Review of the Implementation of the Department of Defense Directive 7050.5 'Coordination of Remedies for Fraud and Corruption Related Offenses,'" July 1989. That review focused on the effectiveness of the policies and practices involved in the implementation of DoD Directive 7050.5 and resulted in four major findings:

- o The central organizations for the program were not monitoring and ensuring the coordination of remedies for each significant investigation affecting their respective DoD Components.
- o The DoD Components did not routinely distinguish cases that met the significant case criteria from those that did not.
- o The information sharing required by the Directive was not accomplished to the maximum extent possible in connection with significant case notification, significant case follow-up, and identification and documentation of adverse impact.
- o Remedies plans were not developed for each significant investigation involving fraud or corruption related to procurement activities.

We observed the following improvements during the current evaluation:

- o The central organizations are all monitoring and ensuring the coordination of remedies for significant investigations affecting their respective DoD Component, although the Navy needs to improve means of keeping its files and databases current.
- o The DoD Components were distinguishing cases that met significant criteria from those that did not.
- o Information sharing improved but still requires re-emphasis at the investigative level.
- o Remedies plans were being routinely prepared, although the Navy still needs to prepare them in a more timely manner.

Appendix C. The DoD Components' Coordination of Remedies Programs

The Army Coordination of Remedies Program

Analysis of the Army guidelines pertaining to coordination of remedies (Army Regulation 27-40, "Legal Services Litigation," September 19, 1994) showed that guidelines were implemented.

The Army Coordination of Remedies Program was found to be efficient and effective, and remedies were actively sought when appropriate. It was managed by the Office of the Judge Advocate General, Procurement Fraud Division (PFD). The PFD comprised nine attorneys, two paralegals, five administrative/secretarial personnel, and three military attorneys working at the Department of Justice.

The 701st Military Police Group (Criminal Investigation Division), a major subordinate command of Headquarters, U.S. Army Criminal Investigation Division (USACIDC), housed the Major Procurement Fraud Unit (MPFU). The MPFU was the designated point of contact for fraud cases between the USACIDC and the PFD. When the MPFU initiated a case, a copy of the case initiation was forwarded to the PFD and the Procurement Fraud Advisor (PFA) of the major command affected by the investigation. To ensure the PFD had received all case initiations, all status reports received each month were forwarded to the PFD. Headquarters, USACIDC, provided the MPFU with copies of all reports of investigation of interest to the PFD. These reports were forwarded to the MPFU with monthly status reports.

The PFD attorneys were notified about significant procurement fraud cases via telephone and "flash reports" from PFAs located in field command counsel offices. The PFD also received notices from the MPFU and, in the case of joint investigations, from other DCIOs. Once notification was received, the PFD action officer requested a remedies plan from the reporting field unit. Information was then entered in the PFD database, and all future case information was maintained in the working case file and the database.

The procurement fraud case files and the database contained up-to-date information, and remedies were actively pursued. The PFAs were required to send case data to the PFD. The MPFU monitored all ongoing investigations within the MPFU and conducted field visits to USACIDC offices. The MPFU was developing formal procedures to inspect all field elements.

Communications and information flowed well between the PFD, USACIDC, and field PFAs. In addition to personal contacts, the PFD published a quarterly bulletin, "Procurement Fraud Advisor's Update." This publication contained regulatory developments, listed PFD significant cases, and updated procurement

fraud issues and other information. It was an excellent means for the PFAs and field agents to remain current on new initiatives and innovative ways to conduct business.

The Headquarters, U.S. Army Materiel Command (HQ, USAMC), had a USACIDC Special Agent who was a liaison between the MPFU and the HQ, USAMC. This agent briefed senior officials on the progress of all investigations affecting HQ, USAMC, and its Major Subordinate Commands. HQ, USAMC, Command Counsel's Office reviewed significant cases with USAMC PFAs and issued a newsletter to PFAs on a quarterly basis. Additionally, HQ, USAMC, conducted oversight reviews of the field elements, prepared quarterly reports, conducted staff visits, and identified and developed solutions to systemic problems.

All significant cases (as defined by DoD Directive 7050.5) were monitored and updated regularly. Implementation instructions were current and cohesive; case files were well-organized and current; and the database contained current status reports.

The PFD maintained a suspension/debarment list and included the information in a central computer system (a general crimes and installation-level system). The USACIDC had access to the HQ, USAMC, procurement database, which allowed the USACIDC to stay current on contract data.

Of the 30 Army procurement fraud case files reviewed, we found that remedies actions were sought for all cases, and the information in the files and database was accurate and comprehensive.

Management Comments and Evaluation Response

Management Comments. The Director of the Army Staff concurred with the report stating that "the importance of the Coordination of Remedies Program continues to be emphasized throughout the U.S. Army Criminal Investigation Command and the Department of the Army."

Evaluation Response. Management comments are responsive.

The Navy Coordination of Remedies Program

See Finding B.

The Air Force Coordination of Remedies Program

Air Force guidelines pertaining to coordination of remedies, Air Force Instruction 51-1101, "The Air Force Procurement Fraud Remedies Program," November 4, 1994, showed full implementation of DoD Directive 7050.5.

The Air Force program was well-organized and managed by the Office of the Deputy General Counsel (Acquisition). The case files and the remedies database were current and comprehensive. A high degree of respect and cooperation existed between the Office of the Deputy General Counsel (Acquisition) and the suspension and debarment official in the Office of the Deputy General Counsel (Contractor Responsibility). Both offices were thoroughly committed to pursuing remedies in the most efficient and effective manner.

The Office of the Deputy General Counsel (Acquisition) employed two people who referred cases and monitored more than 140 active cases. They interacted with contractors, field agents, field attorneys, Office of Special Investigations headquarters staff, and the Air Force suspension and debarment official. They also maintained a remedies database and ensured that remedies plans were received and updated on a timely basis.

The 30 procurement fraud case files reviewed contained up-to-date information and remedies were being actively pursued, when appropriate.

Management Comments and Evaluation Response

Management Comments. The Deputy General Counsel (Acquisition) concurred with the report and submitted a list of initiatives the Air Force has implemented since the IG, DoD, evaluation took place, including replacing the existing database with a more comprehensive Windows-based database that allows tracking of all procurement fraud cases; publishing a biannual newsletter, "FRAUD FACTS," that highlights specific Air Force procurement fraud cases and development in the procurement fraud arena; and conducting training at the Air Force Acquisition Law Seminar and the Air Force Office of Special Investigations Academy. Additionally, the Deputy General Counsel (Acquisition) held a video teleconference for agents and fraud counsel to discuss coordination of remedies efforts.

Evaluation Response. Managements comments are responsive.

The Marine Corps Coordination of Remedies Program

In response to DoD Directive 7050.5 and SECNAVINST 5430.92A, the Marine Corps developed Marine Corps Order 7510.5A, "Marine Corps Fraud, Waste, and Abuse Oversight, Awareness, Prevention, and Remedies," August 22, 1989, that prescribed fraud, waste, and abuse program duties and responsibilities and established procedures for preparing and submitting fraud remedies plans. The Order showed full implementation of DoD Directive 7050.5.

The Marine Corps Coordination of Remedies Program was administered by the Deputy Naval Inspector General for Marine Corps Matters/Inspector General of the Marine Corps, which is divided into three divisions: Inspections, Readiness, and Investigations. The Investigations Division is responsible for oversight of the coordination of remedies process.

The Marine Corps Order also established the Marine Corps Fraud Council, which the Deputy Naval Inspector General for Marine Corps Matters/Inspector General of the Marine Corps chairs. It includes members from Installations and Logistics; Plans, Policies, and Operations; Fiscal Division; Counsel for the Commandant; and Staff Judge Advocate to the Commandant. Representatives from the NCIS and Naval IG attend the council meetings, but are not designated members. The Fraud Council was the central Marine Corps organization responsible for the Coordination of Remedies Program. The Fraud Council coordinated Marine Corps efforts in combatting fraud, waste, and abuse; ensuring coordinated remedies plans; addressing systemic trends; and identifying the need for corrective action. The council dealt directly with the Navy PIO.

In cooperation with the Fraud Council and Marine Corp Order 7510.5A, major Marine Corps subordinate command commanders were responsible for enforcing local fraud, waste, and abuse programs and for developing remedies plans. Contracting officers and local command counsels usually developed the remedies plans with input from senior Navy and Marine Corps officials. Individual installation commanders approved plans. Due to the small number of cases and funding limitations, the Marine Corps did not have an automated tracking system. Individual case files, however, were easily retrieved.

Management Comments and Evaluation Response

Management Comments. No comments were received from the Marine Corps or the Department of the Navy, on behalf of the Marine Corps, in response to this portion of the report.

Appendix C. DoD Components' Coordination of Remedies Programs

Evaluation Response. The Navy and Marine Corps were non-responsive. We request the Marine Corps or the Navy on behalf of the Marine Corps provide comments to the final report by May 30, 1997.

The Defense Criminal Investigative Service Coordination of Remedies Program

The Coordination of Remedies Office, Defense Criminal Investigative Service, is responsible for monitoring all significant, joint procurement fraud cases. The volume of joint cases has increased significantly and, as a result, so has the workload in the Coordination of Remedies Program.

The Defense Criminal Investigative Service (DCIS) Coordination of Remedies Program is staffed with two people responsible for monitoring more than 1,400 active, joint cases. Their responsibilities include providing a central point of contact for the other DoD Components and the field offices of DCIS.

The current DCIS Coordination of Remedies Office monitors ongoing DCIS procurement fraud cases and performs liaison functions with the other DoD centralized organizations. The case agents work with Assistant U.S. Attorneys, the Department of Justice, and other DoD Components to help prosecute criminal cases and pursue civil and administrative remedies.

The Coordination of Remedies staff meet regularly with the DoD Component coordination of remedies program officials to compare case data and ensure that all parties have current and accurate information. The Coordination of Remedies Office is responsible for issuing case initiations, case summaries, reports of investigation, press releases, and case termination reports to other centralized organizations. The Coordination of Remedies Office performs a comparative analysis of the data in its Investigative Data System with information in the DoD Component data systems to ensure all necessary case data is complete. Additionally, the DCIS coordination of remedies program director acts as liaison for the other DoD Component coordination of remedies program offices and provides assistance in obtaining necessary documentation.

Management Comments and Evaluation Response

Management Comments. The DCIS said, "The DCIS does not rely on the Defense Logistics Agency" to monitor the prosecution of cases and pursue civil and administrative remedies. DCIS does, however, "rely on the Defense Logistics Agency to initiate and pursue administrative actions on cases involving contracts administered by Defense Logistics Agency." DCIS also disagreed that coordination of remedies for DCIS is accomplished through agreements with other DoD Components. DCIS stated, "The DCIS does not have separate agreements with other DoD Components." Additionally, "The DCIS COR

Program is not the central body within the DCIS to 'track cases and exchange information with the other DCIOs.' The Coordination of Remedies Program performs liaison with the DoD centralized points of contact," not the DCIOs. The DCIS stated, "The DCIS COR Program is not presently responsible for performing liaison functions with the other DCIOs, nor do they routinely meet with and coordinate on investigations with the DCIOs." Additionally, DCIS stated, "DCIS COR Program is not responsible for the distribution of case initiations, summaries, etc., nor for mediating joint case disputes."

Evaluation Response. The final report reflects updated information provided by DCIS.

The Defense Logistics Agency Coordination of Remedies Program

Defense Logistics Agency guidelines pertaining to coordination of remedies, DLA Regulation No. 5500.10, "Combating Fraud in DLA Operations," October 13, 1987, showed full implementation of DoD Directive 7050.5.

The Defense Logistics Agency (DLA) has a very effective and efficient Fraud Remedies Program. The program is managed by the DLA Associate General Counsel. The office had one attorney and one legal technician at headquarters, 17 fraud counsels located throughout the United States, and two debarring officials located overseas. The DLA suspension and debarment official's office consists of two attorneys and one legal technician.

The DLA coordinated remedies and performed suspension and debarment functions for all contracts that it administered on behalf of various DoD Components or field elements, including the Defense Security Assistance Agency, Civilian Health and Medical Program of the Uniformed Services, and the Defense Commissary Agency.

A DLA information management system, COSACS, was used to track all fraud cases. COSACS did not include a data field to identify significant cases; therefore, specific queries for significant cases could not be accomplished. Also, the COSACS mainframe computer was located in Richmond, Virginia. When system operations were interrupted, which happened often, DLA had no way to update or retrieve file information during the interruption. At the time of our evaluation, the COSACS system was being redesigned to run on a local area network and the data system was being redesigned to include a field for identification of significant cases.

Management Comments and Evaluation Response

Management Comments. The Associate General Counsel, Office of General Counsel, noted some changes to the COSACS data system. The system is now located on a mainframe in Ohio. Although COSACS is sometimes out of service, the mainframe is much more reliable. The system has been updated to accept data that is created and edited in a word processing format. Additionally, data fields have been modified to include more detailed information, to include a significant case data field.

Evaluation Response. Management comments were responsive.

Appendix D. Organizations Visited or Contacted

Department of the Army

Office of the Judge Advocate General, Procurement Fraud Division, Arlington, VA
U.S. Army Criminal Investigation Command, Major Procurement Fraud Unit,
Alexandria, VA
Headquarters, U.S. Army Materiel Command, Command Counsel's Office,
Alexandria, VA

Department of the Navy

Naval Criminal Investigative Service, Washington, D.C.
Naval Inspector General, Washington, D.C.
Procurement Integrity Office, Office of the General Counsel, Crystal City, VA
Deputy Naval Inspector General for Marine Corps Matters/Inspector General of the
Marine Corps, Arlington, VA

Department of the Air Force

Deputy General Counsel (Acquisition), Arlington, VA
Deputy General Counsel (Contract Responsibility), Arlington, VA
Headquarters, Office of Special Investigation, Washington, D.C.
Procurement Fraud Investigations, Region One, Wright-Patterson Air Force Base, OH

Defense Organizations

Defense Criminal Investigative Service, Arlington, VA
Defense Logistics Agency, Alexandria, VA

Appendix E. Report Distribution

Office of the Secretary of Defense

Under Secretary of Defense for Acquisition and Technology
Director, Defense Logistics Studies Information Exchange
Under Secretary of Defense (Comptroller)
Deputy Chief Financial Officer
Deputy Comptroller (Program/Budget)
Assistant Secretary of Defense (Command, Control, Communications and Intelligence)
Assistant Secretary of Defense (Public Affairs)

Department of the Army

General Counsel, Department of the Army
Auditor General, Department of the Army
Chief, Procurement Fraud Division, Office of the Judge Advocate General
Director, Major Procurement Fraud Unit, U.S. Army Criminal Investigation Command
Director, Office of Command Counsel, Headquarters, U.S. Army Materiel Command

Department of the Navy

General Counsel, Department of the Navy
Assistant Secretary of the Navy (Financial Management and Comptroller)
Inspector General, Department of the Navy
Counsel for the Commandant (Marine Corps)
Director, Naval Criminal Investigative Service
Director, Procurement Integrity Office, Office of the General Counsel
Deputy Naval Inspector General for Marine Corps Matters/Inspector General of the
Marine Corps

Department of the Air Force

General Counsel, Department of the Air Force
Assistant Secretary of the Air Force (Financial Management and Comptroller)
Deputy General Counsel (Acquisition)
Deputy General Counsel (Contract Responsibility)
Commander, Air Force Office of Special Investigations

Other Defense Organizations

Inspector General, Defense Intelligence Agency
Director, Defense Logistics Agency
 General Counsel, Defense Logistics Agency
Director, Defense Contract Audit Agency
Director, Defense Criminal Investigative Service
Director, National Security Agency
 Inspector General, National Security Agency

Non-Defense Federal Organization

Office of Management and Budget
Technical Information Center, National Security and International Affairs Division,
 General Accounting Office
Director, Civil Fraud, Commercial Litigation Branch, Civil Division, Department of
 Justice
Deputy Chief of Fraud, Defense Procurement Fraud, Criminal Division, Department of
 Justice
Chairman and ranking minority member of each of the following congressional
 committees and subcommittees:
 Senate Committee on Appropriations
 Senate Subcommittee on Defense, Committee on Appropriations
 Senate Committee on Armed Services
 Senate Committee on Governmental Affairs
 House Committee on Appropriations
 House Subcommittee on National Security, Committee on Appropriations
 House Committee on Government Reform and Oversight
 House Subcommittee on National Security, International Affairs, and Criminal
 Justice, Committee on Government Reform and Oversight
 House Committee on National Security

Part III - Management Comments

Department of the Army Comments



DEPARTMENT OF THE ARMY
OFFICE OF THE DEPUTY CHIEF OF STAFF FOR OPERATIONS AND PLANS
400 ARMY PENTAGON
WASHINGTON, DC 20310-0400

REPLY TO
ATTENTION OF
DAMO-ODL (25-30i)



30 DEC 1996

MEMORANDUM THRU THE DIRECTOR OF THE ARMY STAFF *Blanche*
FOR THE DEPARTMENT OF DEFENSE INSPECTOR GENERAL,
AUDITING, WASHINGTON DC 22202
SUBJECT: Report on the DOD Coordination of Remedies Program
(Project No. 60G-9047)

1. Concur with the findings and recommendations of the subject report. The importance of the Coordination of Remedies Program continues to be emphasized throughout the U.S. Army Criminal Investigation Command and the Department of the Army.
2. Point of contact is Mr. Jeffery Porter, (703) 681-5078.

FOR THE DIRECTOR OF OPERATIONS, READINESS AND MOBILIZATION:

Robert W. Neubert

ROBERT W. NEUBERT
Colonel, GS
Chief, Security, Force
Protection and Law
Enforcement Division

Department of the Navy Comments



DEPARTMENT OF THE NAVY
OFFICE OF THE GENERAL COUNSEL
WASHINGTON, D.C. 20350-1000

January 16, 1997

MEMORANDUM FOR ASSISTANT INSPECTOR GENERAL, CRIMINAL
INVESTIGATIVE POLICY AND OVERSIGHT, DEPARTMENT
OF DEFENSE, ATTN: Karen Cropper

SUBJECT: Draft Report on the DoD Coordination of Remedies Program (Project No. 60G- 9047)

Subject draft report has been received and reviewed. The Department of the Navy concurs with the findings and will take the recommendations in Finding B, The Navy Coordination of Remedies Program, under advisement at the highest levels of the Navy. However, there is one area in the draft report that we believe requires further clarification. The following comments are specifically directed to paragraph 5 of the discussion section of Finding B.

The last sentence of paragraph 5 indicates that very little information is exchanged between the Naval Inspector General and the Procurement Integrity Office (PIO). This paragraph further suggests that the only documentation exchanged between the two organizations is a list of cases supplied annually by the Naval Inspector General. The fact is, however, that in addition to the "List," the Naval Inspector General also supplies the PIO with a copy of the remedies plan tasking notices issued to the affected Systems Command. Ultimately, the resultant DFARS 209.406-3(a) report is provided to the PIO directly by the Systems Command in accordance with SECNAVINST 5430.92A. As you are aware, this SECNAV INSTRUCTION deals with the assignment of responsibilities to counteract fraud, waste, and related improprieties within the Department of the Navy.

Further, the PIO notifies the Naval Inspector General of all suspension and debarment actions taken on a monthly basis. This enables the Naval IG to update its database. Likewise, the PIO compares the contents of its database with that of the Naval IG. Once a remedies plan tasking notice is issued by the Naval Inspector General, the PIO works directly with the affected Systems Command in implementing the remedies.

We appreciate this opportunity to comment and would appreciate the incorporation of this clarifying information in the subject draft report. The point of contact for this action is the undersigned at (703) 602-2703.

A handwritten signature in black ink, appearing to read "John M. Farenish".
John M. Farenish
Counsel, Procurement Integrity Office

Department of the Air Force Comments



DEPARTMENT OF THE AIR FORCE WASHINGTON, DC

Office of the General Counsel

9 January 1996

MEMORANDUM FOR ASSISTANT INSPECTOR GENERAL FOR AUDITING OFFICE OF THE INSPECTOR GENERAL DEPARTMENT OF DEFENSE

SUBJECT: Draft Report on the DoD Coordination of Remedies Program, Nov. 15, 1996,
Project No. 6OG-9047

This is in reply to your memorandum to the Assistant Secretary of the Air Force (Financial Management and Comptroller) requesting the Air Force provide comments on the subject report.

The Air Force cannot concur or nonconcur with Finding A because there are no specific instances of communication failures or delays in the report. The Air Force does concur with Recommendation A that the Commanders and Directors of the Defense Criminal Investigative Organizations should continue to emphasize the importance of providing information to the centralized procurement fraud organizations and suspension and debarment officials in their own services and other affected services. Since Finding B and Recommendation B involve only a Navy matter, the Air Force makes no comment on that Finding and that Recommendation.

The Air Force is committed to an effective coordination of procurement fraud remedies program. The following are some initiatives that the Air Force has implemented and training that the Air Force has continued to provide since the DoD/IG audit took place:

- Replaced the existing database with a more comprehensive Windows-based database (Access) that allows the tracking of information on all procurement fraud cases relating to Air Force programs, both cases defined as significant by DoD Directive 7050.5 and other fraud matters. (July 1996)
- Publish a biannual newsletter, *FRAUD FACTS*, concentrating on developments in the area of procurement fraud remedies as well as highlighting specific Air Force procurement fraud cases. *FRAUD FACTS* is mailed directly to the designated Acquisition Fraud Counsel at each Air Force command/base. It is also available on the Internet through the Office of the Assistant Secretary (Acquisition) home page. (First edition published April 1996)
- Devote a block of training on procurement fraud at the annual Air Force Acquisition Law Seminar. Attorneys from throughout the Air Force attend this seminar. (January of each year)

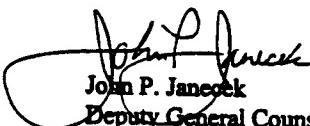
Department of the Air Force Comments

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- Provide training in the coordination of procurement fraud remedies at the AFOSI Academy in the Economic Crimes course for AFOSI agents. (Several times each year)

In addition, Acquisition Fraud Counsel from the Air Force Material Command and agents from Region 1 of AFOSI participated in a video teleconference (VTC) held in March 1996. This VTC brought together AFCs and agents from across the country to discuss coordination of remedies efforts.

Through these and other measures, the Air Force continues to demonstrate its commitment to an active, comprehensive coordination of procurement fraud remedies program.



John P. Janecek
Deputy General Counsel
(Acquisition)

Defense Criminal Investigative Service Comments



INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
400 ARMY NAVY DRIVE
ARLINGTON, VIRGINIA 22202

(Investigations)

JAN 7 1997

MEMORANDUM FOR DEPUTY ASSISTANT INSPECTOR GENERAL FOR CRIMINAL
INVESTIGATIVE POLICY AND OVERSIGHT

SUBJECT: Report on the DoD Coordination of Remedies Program
(Project No. 60G-9047)

Thank you for requesting our comments to your draft report. As you are aware, the Defense Criminal Investigative Service (DCIS) has maintained a strong record of supporting coordination of remedies throughout the process of conducting our criminal investigations. Attached are some observations/comments that we feel should be addressed and clarified in your final report.

If you wish to discuss our reply further please contact either myself or Mr. Roy Redmond at (703) 604-8648.

William G. Dupree
William G. Dupree
Deputy Assistant Inspector General
for Investigations

Attachment

Defense Criminal Investigative Service Comments

DCIS Comments/Observations

In response to specific passages and recommendations contained in the Draft Evaluation Report, Project Number 60G-9047, entitled DoD Coordination of Remedies Program, dated November 15, 1996, the Defense Criminal Investigative Service (DCIS) offers the following observations and comments:

Specifically as pertaining to page ii, first full paragraph, first sentence. We believe that this sentence should be revised to include DCIS as having a "...sound coordination of remedies program...."

At page ii, second paragraph, first sentence, we recommend that this sentence be clarified to explain whether information flow between investigative organizations or between investigative organizations and the Centralized Points of Contact need improvement.

At page iii, top of the page, first paragraph. The paragraph as written contains some factual inaccuracies that need to be corrected. Specific language reading "The Defense Criminal Investigative Service works closely with the Assistant U.S. Attorneys and the Department of Justice, but relies on the Defense Logistics Agency to monitor the prosecution of cases and pursue civil and administrative remedies" is incorrect from the standpoint that the DCIS does not rely on the Defense Logistics Agency (DLA) in this capacity.

DCIS agent and management personnel work directly with the various U.S. Attorneys and their Assistant U.S. Attorneys as well as the Department of Justice Criminal, Civil, Environmental and Antitrust Sections to facilitate and monitor prosecutions. Likewise, the DCIS agents and management personnel work in close coordination with the DoD Centralized Points of Contact within the Army, Navy, Air Force, DLA and other DoD Agencies to facilitate, monitor and pursue administrative remedies.

DCIS does, however, rely on DLA to initiate and pursue administrative actions on cases involving contracts administered by DLA, in which DLA has been designated as the suspension/debarment authority.

The same paragraph on page iii also reflects that "Although remedies coordination for the Defense Criminal Investigative Service is accomplished through agreements with other DoD Components...." This language is somewhat confusing and possibly misleading. The DCIS, like the other affected DoD entities, is required to comply with the DoD Directive 7050.5 and this is the basis for the establishment and management of a Coordination of

Defense Criminal Investigative Service Comments

DCIS Comments/Observations

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Defense Criminal Investigative Service Comments

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Remedies (COR) Program within the DCIS. The DCIS does not have separate "agreements with other DoD Components."

This same paragraph confuses the concept of coordination of remedies by reporting that "...the Defense Criminal Investigative Service has established a centralized office to track cases and exchange information with other Defense Criminal Investigative Organizations to enhance communication and joint case efforts." We understood that the thrust of this report and specifically this paragraph was to address the coordination of remedies, but the language shifts to discussing enhancement of communications and joint case efforts. We do not agree that joint case efforts are a topic covered in DoD Directive 7050.5. We recommend this paragraph be written to clarify the requirements under the COR Program.

The DCIS has in fact "bolstered" an existing priority to coordinate remedies by formally establishing and staffing a COR Program. The COR Program certainly does track qualifying cases that fall within the definitions set out in DoD Directive 7050.5 and the DCIS routinely exchanges information with the established Centralized Points of Contact to promote effective coordination of remedies. However, the DCIS COR Program is not the central body within the DCIS to "track cases and exchange information with the other DCIOs." This requirement is more closely related to the Interim Jurisdictional Guidance established by the DoD Inspector General under which DCIS maintains continuing dialogue with the DCIOs at the local and headquarters working group levels utilizing the working group approach.

With regard to the "Summary of Recommendations" on page iii, whereas it is correct that DCIS makes weekly visits to the Army's Procurement Fraud Division, as well as to the Navy and Air Force Central Points of Contact, it is our understanding that the Army Criminal Investigation Command does not consistently make these visits, but rather visits the Army Procurement Fraud Division on an infrequent basis.

Lastly, at page iii the last summary recommendation reflects "We also recommend that the Navy transfer overall responsibility for its Coordination of Remedies Program to the Office of General Counsel, Procurement Integrity Office." Our concern here is that at present it is a bifurcated mission shared by the Naval Inspector General's Office and the Procurement Integrity Office (PIO). In that regard there are different and distinct missions being accomplished by each organization.

Defense Criminal Investigative Service Comments

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The PIO mission with respect to coordination of remedies is to initiate and pursue to conclusion suspension and debarment actions. The PIO does not appear to be staffed nor at the present time technically proficient to task and/or coordinate contractual or/and other administrative remedies, e.g., clearance revocations, termination of malfeasant employees, etc. If the recommendation is to be valid and effective, the PIO must demonstrate a willingness to take on the "entire mission" and the PIO must have in place personnel with the expertise to effectively accomplish the entire mission.

At page 2, first paragraph, first sentence, we believe report should address the roles to be played by the other Defense Agencies. The DoD Directive 7050.5 is silent in addressing the roles of the other DoD Agencies as pertaining to coordination of remedies.

At page 2, last paragraph, the report discusses DoD Directive 7050.5 in the past tense, as if to suggest that the directive is no longer in effect. We suggest that the report be revised to eliminate that perception.

At page 5, top of the page, as stated previously, the DCIS disagrees with the observation that the Army Criminal Investigation Command makes weekly visits to the Army's Procurement Fraud Division.

In specifically addressing the Recommendations for Corrective Action on page 8, the DCIS offers the following comments/observations:

We concur with recommendation A at the bottom of page 4 of the draft evaluation report. With respect to recommendations B.1., B.2.a. and b. we do not object to recommendation B.1. provided that staffing and expertise is available to ensure the overall performance of the "entire" coordination of remedies mission. With respect to B.2.a. and b., these recommendations appear to be a mere transfer of current duties being undertaken by the Naval Inspector General's Office. We suggest this recommendation be revised to require the Director, PIO, to establish and manage a system to ensure that remedial actions are in fact pursued by the affected Naval Commands.

At page 12, item 3, we are not clear as to the basis for the statement "With the establishment of the DCIS role of liaison, information sharing improved but still requires re-emphasis at the investigative level." The DCIS concurs with the importance of information sharing and that

Defense Criminal Investigative Service Comments

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this should continue to be reemphasized. It is not, however, apparent what your findings were that reflected a lack of information sharing at the "investigative level."

Lastly, we would suggest some changes on page 17 of the draft report. In the first paragraph, last sentence, and the second paragraph, first sentence, the word "Program" should be used instead of "Office" to properly identify the DCIS COR Program.

The first sentence of the third paragraph as written is inaccurate. The DCIS COR Program is not presently responsible for performing liaison functions with the other DCIOs. The Coordination of Remedies Program performs liaison with the DoD Centralized Points of Contact for the coordination of remedies. Additionally, the last paragraph on page 17 is inaccurate in that the DCIS COR Program does not routinely meet with and coordinate on investigations with the DCIOs.

The second and fourth paragraphs of page 17 also need to be revised to clarify that the DCIS COR Program is not responsible for the distribution of case initiations, summaries, etc., to components involved in joint investigative work, nor for mediating joint case disputes.

Official File - DCIS
Reading File - DCIS
Reading File - IOD
Reading File - 03FG
A & T 1331

RREDMOND:rar:604-8648:12/12/96:revised 01/06/97

Defense Logistics Agency Comments



LY
ER TO GC

DEFENSE LOGISTICS AGENCY
HEADQUARTERS
8725 JOHN J. KINGMAN ROAD, SUITE 2533
FT. BELVOIR, VIRGINIA 22060-6221

December 13, 1996

MEMORANDUM FOR DEPUTY ASSISTANT INSPECTOR GENERAL, CRIMINAL
INVESTIGATIVE POLICY AND OVERSIGHT,
DEPARTMENT OF DEFENSE
ATTN: Karen Cropper

SUBJECT: Draft Report on the DoD Coordination of Remedies Program (Project No. 60G-9047)

The subject draft report has been reviewed. The Defense Logistics Agency (DLA) concurs with Finding A, Coordination of Remedies Communications, and the recommendation for corrective action. Finding B pertains solely to the Navy and requires no DLA concurrence or nonconcurrence.

Though concurring with the findings and recommendations of Finding A, DLA notes that the recommendation does not address the exchange of electronic information on investigations. Recently, DLA has noted that investigative information is increasingly reported only in electronic form. Because of the use of electronic format, investigative reports must often be printed and delivered to DLA Fraud Counsel, if delivered at all. This additional step appears to have affected the timeliness and, sometimes, even the receipt of investigative information needed to coordinate remedies in a timely fashion.

DLA asks that you consider adding to the draft recommendation language requiring all Defense Criminal Investigative Organizations (DCIOs) to establish a means for sharing information electronically with each DoD centralized organization responsible for the coordination of remedies. Effective sharing of investigative information from all of the DCIOs is particularly important to DLA because our Fraud Counsel are involved in investigations being conducted by all of the DCIOs. This occurs because of the contract administration mission of the DLA Defense Contract Management Command, which performs contract administration for all of the military services.

Appendix C of the subject draft report comments on each DoD Component's coordination of remedies programs. The comments on DLA pertaining to the DLA data system, COSACS, are no longer entirely correct. First, COSACS has been moved to a new mainframe computer in Columbus, OH, which is more reliable. There should be fewer times when COSACS is out of service. There is no longer any plan to move COSACS to a local area network. However, a major change in COSACS is the ability to create and edit input in a word processing format and load it directly into COSACS. Additionally, the COSACS data fields have been modified to

Defense Logistics Agency Comments

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provide more and better information. Currently, the new data fields, including a significant case data field, are being loaded onto the stand alone server in Columbus.

If you have any questions, call me at (703) 767-6077.



RICHARD N. FINNEGAN
Associate General Counsel
Office of General Counsel